



TRADING PARTNER RECONCILIATION

AUDITED FINANCIAL STATEMENTS

Melissa Sikora
July 28, 2004

Your Financial Partner @ Work

Overview

- Collect the seller side TP data in a spreadsheet for each field activity.
- Populate every seller side TP entry on to importsheet. DDRS-AFS will consolidate the seller side TP data within the system.
- Receive Waived Buyer Side TP data and populate amounts into a spreadsheet. Identify Required Seller Side TP Adjustments.
- Analyze the TP for Waived Entities and the reciprocal seller side TP amounts received from other agencies. Follow up with all parties about unusual amounts, changes, and fluctuations.
- Input Buyer Side TP adjustment into DDRS-AFS using trading partner adjustment option. This provides an audit trail of all TP adjustments.

Sample Trading Partner Collection Worksheet

Microsoft Excel - FINAL PWC Pearl Harbor 0604 SER_sample.xls

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1	Entity Name	Public Works Center Pearl Harbor				Trial Balance Ledger - Federal	19293285.04
2						Trading Partner Data - Federal	19293285.04
3						Difference - Federal	0
4	Entity Subhead	NE1B					
5							
6	POC Name	Alan Sugibayashi				Trial Balance Ledger - Public	2717328.54
7						Trading Partner Data - Public	2717328.54
8	POC Phone Number	(808) 471-1583				Difference - Public	0
9							
10	POC Email Address	alan.sugibayashi@navy.mil				Trial Balance Ledger - Total	22010613.58
11						Trading Partner Data - Total	22010613.58
12	Reporting Period	Month Ending - 30 June 2004				Difference - Total	0
13							
14							
15						USG SGL Number:	1310
16							
17						Standard General Ledger Title:	Accounts Receivables
18						Seller Side or Buyer Side Account:	Seller Side
19						Recipical Buyer Side Created for DoD Entities:	Yes
20	Entity Trading Partner Code	Entity Name	Symbol	Subhead	AAA	Current Crosswalked Trading Partner Code	Trading Partner Amount - Dollars and cents
25	AT17AH4_1205	NGF - Military Construction / Family Housing -	172/61205	.25P6 .252J .2520 .2521 .2522	068732, 000025,	AT17A99	52631.53
26	AT97AO2NE2	Military Construction, Navy		.2523 .2527 .2529	062474, 068248	AT97AO2N99	1223286.42
27	AT21AC	NWCF - Base Support - Public Work Centers				AT21A99	154340.23
28	AT13	AGF - Active Army - Operation and	21-2020			AT13	857.73
29	AT14	Department of Commerce	13			AT14	17429.88
30	AT18	Department of Interior	14			AT18	17527.25
31	AT19	U.S. Postal Service	18			AT19	3608.66
32	AT20	Department of State	19			AT20	
33	AT21	Department of Treasury	20			AT21	

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Sample Trading Partner Importsheet

Microsoft Excel - TP importsheet sample.xls

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	A	B	C	D	E	F	G	H	I	J	K
1	Program Code	U.S. SGL	E/O	F/N/C	X/T	Fin	Additional Detail	Trading Partner	Amount	FY	
2	AT97AO2N99	1310	E					AT17A99	52,631.53	2004	
3	AT97AO2N99	1310	E					AT97AO2N99	1,223,286.42	2004	
4	AT97AO2N99	1310	E					AT21A99	154,340.23	2004	
5	AT97AO2N99	1310	E					AT13	857.73	2004	
6	AT97AO2N99	1310	E					AT14	17,429.88	2004	
7	AT97AO2N99	1310	E					AT18	17,527.25	2004	
8	AT97AO2N99	1310	E					AT19	3,608.66	2004	
9	AT97AO2N99	1310	E					AT19	2,358.05	2004	
10	AT97AO2N99	1310	E					AT19	58,952.36	2004	
11	AT97AO2N99	5200			X			AT17A99	64,548.58	2004	
12	AT97AO2N99	5200			X			AT17A99	1,258,658.25	2004	
13	AT97AO2N99	5200			X			AT17A99	54,685.85	2004	
14	AT97AO2N99	5200			X			AT97AE6_4200	348,017.32	2004	
15	AT97AO2N99	5200			X			AT97AE6_4300	16,467.29	2004	
16	AT97AO2N99	5200			X			AT97AE6_4300	200.67	2004	
17											
18											
19											
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DDRS AFS System consolidated
Trading partner Data, which saved
work hours.

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4



Analyze Trading Partner Data

- Compare Current TP Data to Current Trial Balance.
- Compare Current TP Data to Prior Period's TP Amounts.
- Compare Current TP Data to Prior Year's TP Amounts.
- Compare Current TP to expected TP level based upon known business events.
 - Look for unusual \$ value change or fluctuations.
 - Request supporting TP documents as needed.
- **Compare Current TP Data to Current Seller-side TP Data**
 - Determine differences
 - Research differences

Sample of Waived Trading Partner Adjustments

Microsoft Excel - Waived Entities TemplateY04Q3_compare.xls

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	C	D	E	F	G	H	L	M	N	O	P	Q
			NWCF (AT97AO2N93)					CY/Last Qtr.	Difference	PY/Same Qtr.	Difference	
			Seller Side - AR	Buyer Side - AP				Buyer Side - AP	between	Buyer Side - AP	between	
			Claimed Amount	Waived Amount	Change Required			Waived Amount	Quarters	Waived Amount	Quarters	
36	AT97AH6_2700	Military Construction		0.00	0.00			0.00	0.00	0.00	0.00	
37	AT97AC3_2700	Operation and Maintenance		0.00				0.00	0.00	0.00	0.00	
38	AT97AM6_2700	Other		0.00				0.00	0.00	0.00	0.00	
39	AT97AF6_2700	Procurement		0.00				0.00	0.00	0.00	0.00	
40	AT97AG6_2700	Research, Development Test &		0.00				0.00	0.00	0.00	0.00	
41	AT97AE6_2700	DSSA PR YRS COMPONENT LEVEL	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
42	AT96AT11	Special Funds	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
43	AT96AT12	Trust Funds	0.00	70,146.00	70,146.00			0.00	70146.00	0.00	70146.00	
44	AT96AT13	Transfer Funds	0.00	0.00	0.00			5,107.00	-5107.00	0.00	0.00	
45	AT96AT14	Borrowing Authority	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
46	AT96AT15	Revolving Funds	123,057.97	0.00	-123,057.97			567.00	-907.00	0.00	0.00	
47	AT96AT16	Contributed Funds	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
48	AT96AT17	General Funds	0.00	11,087.45	11,087.45			13,233.45	-2812.00	2,025.00	3053.45	
49	AT96AT2	FUSRAP	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
50	AT97AH6_6400	Military Construction		0.00				0.00	0.00	0.00	0.00	
51	AT97AM6_6400	Surcharge	143,034.85	0.00				186,081.43	-186081.43	0.00	0.00	
52	AT97AF6_6400	Procurement		0.00				0.00	0.00	0.00	0.00	
53	AT97AF6_6400	DeCA Component Level	143,034.85	0.00	-143,034.85			186,081.43	-186,081.43	0.00	0.00	
54	AT97AO54J	Commissary Operation	795,657.36	312,185.03				191,582.83	120602.26	0.00	312185.03	
55	AT97AO55J	Commissary Operation		0.00				0.00	0.00	0.00	0.00	
56	AT97AO54K	Commissary Resale stock		0.00				0.00	0.00	0.00	0.00	
57	AT97AO55K	Commissary Resale stock		0.00				0.00	0.00	0.00	0.00	
58	AT97DeCA33	DeCA Component Level -WCF	795,657.36	312,185.03	-483,472.27			191,582.83	120,602.26	0.00	312185.03	
59	AT97AH6_4900	Military Construction		0.00				0.00	0.00	0.00	0.00	
60	AT97AC3_4900	Operation and Maintenance		0.00				0.00	0.00	0.00	0.00	
61	AT97AM6_4900	Other		0.00				0.00	0.00	0.00	0.00	
62	AT97AF6_4900	Procurement		0.00				0.00	0.00	0.00	0.00	
63	AT97AG6_4900	Research, Development Test &		0.00				0.00	0.00	0.00	0.00	
64	AT97AE6_4900	DSS Component Level	0.00	0.00	0.00			0.00	0.00	0.00	0.00	
65	AT97AO55T	WCF	-476.23	0.00	-476.23			0.00	0.00	0.00	0.00	
66												
67												
68			Change to:	NWCF (AT97AO2N93)								
69			0.00	623,567.87	623,567.87							

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6



Analyze Waived Trading Partner Data

Source: Follow up Email to Waived Entity:

Seller Side Revenue	Waived Buyer Side Expense	Difference	
1st QTR FY 2004	34,010,872.57	28,430,749.48	-5,580,123.09 (Dr)
2nd QTR FY 2004	73,031,560.93	2,031,760.49	-70,999,800.44 (Dr)

Seller Side Acct. Rec.	Waived Buyer Side Acct. Pay.	Difference	
1st QTR FY 2004	15,078,703.00	27,050,492.82	11,971,789.82 (Dr)
2nd QTR FY 2004	14,820,161.59	2,454,582.41	-12,365,579.18 (Cr)

This waived adjustment is causing a reduction of \$70M revenue to Seller-side for eliminations. This is an increase of \$65M over last quarter. This entity's business would not cause a variance of this degree to A/R and A/P. Why did waived expenses decrease some \$26M? Because of waived buyer side adjustment, Seller-side would report abnormal eliminations for A/R. Follow-up required!

Trading Partner Adjustment Procedures

- Record all TP data adjustments separately from the upload of seller side TP data.
- Include supporting documentation such as emails and worksheets.
- The adjustment includes signature of preparer, peer reviewer, and supervisor.
- Satisfies FASAB Concept #1 (Paragraph 103)
- Internal Controls.

Sample Waived Trading Partner Adjustments

TP Adj.TIF - Imaging

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Trading Partner - Seller Adjustment
Navy Working Cg Fund

Fiscal year 2004 quarter 2

Prog Cd	Ussg	Enty	Gov	Fnd	Exch	Fin	Other Text	Amount	Prog Cd Elim	Adj Id	User Code	Date Time
AT97AO2N99		E	F					(\$264,552,635.17)	AT17A99	15774	FCLFRAZC	04/11/04 08:00 AM
1310		E	F					(\$39,487,808.90)	AT17AMC99	15774	FCLFRAZC	04/11/04 08:00 AM
1310		E	F					\$5,107.00	AT96AT13	15750	FCLGALLK	04/11/04 10:49 AM
1310		E	F					\$907.00	AT96AT15	15750	FCLGALLK	04/11/04 10:49 AM
1310		E	F					\$13,899.45	AT96AT17	15780	FCLGALLK	04/11/04 10:49 AM
1310		E	F					\$186,081.43	AT97AF6_6400	15780	FCLGALLK	04/11/04 10:49 AM
1310		E	F					\$225,064,826.27	AT97AO2N99	15774	FCLFRAZC	04/11/04 08:00 AM
1310		E	F					\$156,075,459.84	AT97AO2N99	15775	FCLFRAZC	04/11/04 08:39 AM
1310		E	F					\$3,448,233.43	AT97AO2N99	15780	FCLGALLK	04/11/04 10:49 AM
1310		E	F					(\$280,180.02)	AT97AO5499	15780	FCLGALLK	04/11/04 10:49 AM
1310		E	F					(\$252,191.29)	AT97AO54J	15780	FCLGALLK	04/11/04 10:49 AM
1310		E	F					(\$3,121,947.00)	AT97DFAS99	15780	FCLGALLK	04/11/04 10:49 AM
5100		F			X			(\$1,088,669.44)	AT97AF6_6400	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			(\$5,107.00)	AT96AT13	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			(\$737,868.57)	AT96AT15	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			(\$135,347.03)	AT96AT17	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			(\$2,899,058.96)	AT97AO2N99	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			\$1,167,134.20	AT97AO5499	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			\$1,150,171.80	AT97AO54J	15780	FCLGALLK	04/11/04 10:49 AM
5200		F			X			\$2,528,745.10	AT97DFAS99	15780	FCLGALLK	04/11/04 10:49 AM
5730		F						(\$42,800,000.00)	AT97AO54J	15737	FCLFORNJ	04/10/04 03:38 PM
5765		F						\$42,800,000.00	AT97AO54J	15737	FCLFORNJ	04/10/04 03:38 PM

Prepared: K. Ballator 4/11/04
Reviewed: C. [Signature] 4/11/04
Approved: M. [Signature] 4/11/04

To adjust for TP- Buyer Side
Waived entities.

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9



Weaknesses in Collection of Trading Partner Data

- Lost visibility by activity level (I.e. subhead).
 - SFFAC #4 - use of corporate level adjustments for eliminations is acceptable.
 - Lower sub-level reports used by managers doesn't need to reflect eliminations.
- Unidentified Trading partner data
- Allocating Methods
- Manual process is subject to crosswalk error.
 - Accounting Systems record transaction with references to "AAA", "BCN", "Subhead", "Limits", etc.
- Use spreadsheets to collect, consolidate, and report TP Data.

Weaknesses in Collection of Trading Partner Data

- Vendor Pay, Contracting and Accounting need to talk to each other. Each currently satisfies their own information requirements, without considering/realizing the data needs/impacts on other parties affected by the transactions.
- Different business practices

Conclusion

- Manual Process
- Reconciliation is possible
- Pays to challenge your trading partner data

DFAS

Your Financial Partner @ Work

